

UNITED STATES OF AMERICA

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FEDERAL COMMUNICATIONS COMMISSION

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HARRISBURG FIELD HEARING

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MEDIA OWNERSHIP

+ + + + +

FRIDAY

FEBRUARY 23, 2007

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The Commission convened in the Sunoco Performance Theater of the Whitaker Center for Science and the Arts, 222 Market Street, Harrisburg, Pennsylvania, at 9:00 a.m., Kevin Martin, Chairman, presiding.

FCC MEMBERS PRESENT:

KEVIN MARTIN, Chairman
 MICHAEL J. COPPS, Commissioner
 DEBORAH TAYLOR TATE, Commissioner
 JONATHAN ADELSTEIN, Commissioner
 ROBERT McDOWELL, Commissioner
 LOUIS SIGALOS, Moderator

PANELISTS PRESENT:

PAUL QUINN
 BISHOP BENJAMIN PETERSON
 BETH McCONNELL
 JOE LEWIN
 LAURI LEBO
 JIM HAIGH
 WILLIAM BALDWIN

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P-R-O-C-E-E-D-I-N-G-S

9:20 a.m.

CHAIRMAN MARTIN: Good morning, everyone, and welcome to the Federal Communications Commission's third hearing on media ownership. I think you all for being here and thank the panelists for their willingness to partake today and have a part in this presentation.

Before we begin, we do have a few opening remarks and I think we have the pleasure of having the Mayor of Lebanon here, Robert Ansbach, I think? Is Robert here?

MR. ANSBACH: Right here.

CHAIRMAN MARTIN: Oh, sorry.

MR. ANSBACH: May I use this microphone?

CHAIRMAN MARTIN: Sure, or you can come up to use the podium if you like, as well.

MR. ANSBACH: I think this is easier.

CHAIRMAN MARTIN: Sure.

MR. ANSBACH: And it will keep this as timely as possible.

I want to thank you for inviting me here today and holding this hearing in Harrisburg.

One of the things that I found in my six years as mayor and four years in council is the

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1 responsiveness of our television stations in the
2 local area to local issues. And very quickly, of
3 course, we just went through a snow emergency
4 locally, actually statewide, that created a lot of
5 difficulties. The media was there. They were
6 providing timely information on closures, on
7 emergencies, what was happening in the community and
8 keeping people informed.

9 I have to tell you that I believe that
10 they do provide a balanced reporting because, as we
11 see that, they really do try and tell both sides of
12 the story. From political issues that I've seen
13 recently, I believe they reported very well on
14 issues that were happening in Harrisburg with pay
15 raise issues, with a myriad of things that were
16 happening.

17 But more than their reporting, they're
18 also involved in the local communities. We've had
19 them involved with nonprofits, in fund-raising, in
20 projects assisting people, we, I was talking to
21 people this morning who said, you know, if we can
22 get it on television and they respond, the public
23 response to the needs of the community is absolutely
24 incredible. So, they do a lot of good things, not
25 just in the reporting, not just in their

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1 programming, but also in what they're doing in the
2 community.

3 I mean, we even got one of the reporters
4 from WGAL to jump in a freezing lake on New Year's
5 Day. That was a fun day. I don't know that Ben is
6 enamored with that.

7 But the reality is is that these
8 stations do do a great deal for the community. And
9 we also saw, and this is my observation during
10 recent happenings in Lancaster County with the Amish
11 shootings, we saw the local media take the lead on
12 that and explain that this is what the Amish are
13 about, this is how things happen, and this is the
14 way we need to handle it. And I think they deserve
15 recognition for that because they did not turn it
16 into a tabloid day of mourning and shoving
17 microphones in grieving people's faces. They
18 handled the story very, very well, very, very
19 professionally, and not only told the story of what
20 happened, but educated America on this community.

21 So, I thank you very much for the
22 invitation to come here and speak. It was a
23 pleasure to meet you all this morning and I wish you
24 the best in your stay in Central Pennsylvania.

25 CHAIRMAN MARTIN: Thank you. I think we

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1 also have a representative from John Brenner, the
2 Mayor of York, I think, Steven Bush. Is he, is
3 Steven Bush here?

4 MR. BUSH: Yes, good morning. Thank
5 you. My name is Steve Bush and I'm the project
6 manager for White Rose Community Television, which
7 is a PEG station operated by the City of York in
8 York, Pennsylvania. Thank you very much for the
9 opportunity to speak to you about the impact that
10 media ownership has on small communities like York,
11 PA.

12 On behalf of Mayor Brenner and City of
13 York, we would like to acknowledge the community
14 involvement of our TV, print, and radio media. This
15 is really important to us and we work very closely
16 with Fox43, a Tribune Company. Our PEG station
17 creates some local content that is important to our
18 communities that supplement some of the stuff that
19 the larger media outlets perform. But it's
20 incumbent upon us to build partnerships and to
21 develop relationships with the media in our
22 community in order to provide the information and
23 the voice to the local communities. And we have
24 those relationships with Fox43, with WSBA, and the
25 local print media.

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1 On behalf of Mayor Brenner, we want to
2 thank you very much for giving us an opportunity to
3 talk to you. Thank you.

4 CHAIRMAN MARTIN: Thank you. And again,
5 thank you everyone for being here.

6 You know, as most of you all know, we
7 began a comprehensive review of our rules governing
8 media ownership last summer. And this hearing is
9 the third in a series of six media ownership
10 hearings that we're going to be holding across the
11 country. We held the first of these in Los Angeles
12 last fall and then we held another hearing Nashville
13 in December. And the goal of these hearings is to
14 more fully and directly involve the American people
15 in our decision making process. As I have said many
16 times before, I think that the public input is
17 critical to our process.

18 The decisions that we are going to try
19 to make about our ownership rules are difficult and
20 they are critical. The media touches almost every
21 aspect of our lives and we are dependent up on it
22 for our news, our information, and our
23 entertainment. Indeed, the opportunity to continue
24 to express diverse viewpoints lies at the heart of
25 our democracy.

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1 The Commission has three goals that our
2 rules are intended to further; competition,
3 diversity and localism. I recognize that many of
4 the concerns expressed about the increased
5 consolidation and the ability to preserve diversity.
6 And, also critical to our view, is exploring and
7 understanding the competitive realities of today's
8 media marketplace.

9 Some of our rules have not been undated
10 for many years and may no longer reflect the current
11 marketplace. Indeed, it is our task to respond to
12 the recent court rulings ensuring that our ownership
13 rules take into account that competitive
14 marketplace, but in a way that continues to promote
15 and preserve localism and diversity.

16 I think it's also important for the
17 Commission to try to find more opportunities for
18 diverse viewpoints to be heard. Part of the
19 problem, at times, has been the limited number of
20 channels that may be available in broadcast
21 television and radio and the high startup costs for
22 building and operating your own new stations.

23 And I think in the past, the Commission
24 has taken some important steps to try to provide
25 more opportunities in radio, for example, with the

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1 advent of low power FM. Low power FM has provided a
2 lower cost opportunity for many new voices in
3 communities to get into what can be a crowded local
4 radio market.

5 Another idea that I have has been trying
6 to find ways to help small and independently owned
7 businesses overcome financial and resourcing
8 strengths, to allow them to enter the broadcast
9 industry, by leasing some of an existing broadcast
10 television spectrum to distribute their own
11 programming. Conversion to digital operations will
12 enable broadcasters to fit a single channel of
13 analogue programming into a smaller amount of
14 digital spectrum. Often, there's additional
15 spectrum left over that can be used to fit other
16 channels of programming in. And I think that small
17 and independently owned businesses could take
18 advantage of this and use a portion of the existing
19 broadcasters' digital spectrum to operate their own
20 station and obtain some of the accompanying rights
21 and obligations, such as public interest obligations
22 and carriage rights.

23 I think that as we try to explore other
24 ways to enable more important and diverse voices to
25 participate, we need to make sure that we're

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1 reviewing our ownership rules and working to develop
2 a record, with hearings like this one and through
3 the written comment process, which will help us
4 inform our decisions.

5 I'm particularly pleased that we're
6 holding this third hearing here in Harrisburg, the
7 capital of Pennsylvania. Harrisburg has a
8 population of just under 50,000 and it's a
9 significantly smaller city than many of the others
10 that we've visited thus far. And I think it's
11 critical for the commission to have the opportunity
12 to hear what the media ownership landscape looks
13 like in a variety of marketplaces. And I think that
14 we certainly appreciated the fact that there are so
15 many people who are anxious to talk to the
16 Commission about their views and make sure that we
17 can hear about the impact of media ownership in
18 Harrisburg here, in a city that is a smaller media
19 market. So, the Harrisburg residents will certainly
20 provide us an additional and unique opportunity and
21 unique insight and perspective on our media
22 ownership rules.

23 So, I do think it's important for us to
24 try to make sure that we have opportunity for
25 everyone to participate. So we'll be looking

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1 forward to hearing your thoughts and insights going
2 forward. And again, thank you for everyone's
3 participation today.

4 Commissioner Copps?

5 COMMISSIONER COPPS: I'm going to stand
6 up here so I can move around a little bit. Good
7 morning to everybody and welcome. I really
8 appreciate all of you coming out early on a Friday
9 morning. I know many of you have other places you
10 could be and we thank you for coming here.

11 We are, as Chairman Martin just said,
12 halfway through now the number of meetings that he
13 has agreed to hold but I don't think we're anywhere
14 near amassing half the information we need to have
15 in order to make really informed decisions about the
16 future of our media.

17 You know communications accounts for
18 about one-sixth of the total U.S. economy and it
19 represents, I believe, the most powerful business in
20 America. And when it comes to media, I don't think
21 anything rivals not just the economic, but the
22 social, and the cultural, and the political impact
23 of those who decide what we, as citizens, will see
24 and hear on the radio. And that's why this issue
25 about the future of our media, how few companies are

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1 going to be allowed to own, how many outlets, or
2 what public interest standards are going to apply to
3 these outlets is so important to each to every one
4 of us as citizens. It goes to the entertainment
5 programming we receive, whether we'll have ever more
6 of that nationalized and homogenized and often
7 graphically violent fare. And it goes to the
8 vitality of our civic dialogue and whether media
9 will cover issues of real importance to the future
10 of local communities and the future of our nation.

11 I have been in literally scores of media
12 markets around this nation over the last five years,
13 trying to understand how various localities are
14 faring under the tremendous consolidation that has
15 overtaken America's media during the past decade and
16 more. And today, we come to Harrisburg to learn
17 from our distinguished panel and even more
18 importantly, from members of this audience, how you
19 think the Harrisburg media is doing in serving you
20 on your airways. We want to understand your history
21 and your experience, your satisfaction or
22 dissatisfaction with the current media environment.
23 We want to know whether the broadcasters who use the
24 public airwaves, for free by the way, your airwaves,
25 are actually serving your interests, the public

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1 interest.

2 As I attend these meetings around the
3 country, I try to focus, as we go around, on a
4 different specific problem and that's what I'd like
5 to do for just a minute or two this morning. I
6 think it's especially appropriate that we're
7 gathered here in the capital of the Keystone State
8 because I can't think of an area of more vital
9 public concern than how well State government is
10 covered by the press. After all, we live in an era
11 when greater power is being exercised by state
12 house's control over issues like energy, and
13 education, and the environment, Homeland Security,
14 transportation, the list goes on and on and on.

15 We have 7,400 state legislators in the
16 United States of America. Each year, they enact
17 about 40,000 new laws that affect each and every one
18 of us. And they allocate roughly \$1.3 trillion in
19 state funds. So that's where a lot of action takes
20 place. And my question here is this. Is your
21 Harrisburg media, your Pennsylvania media more
22 generally, telling you what you need to know about
23 all of this? Now, you know, there are some people
24 that know what they need to know and they manage to
25 find out, and that would be our friends in the

1 lobbying community. And given the well documented
2 shift in power between federal and state
3 authorities, the state lobbying business has just
4 skyrocketed. There are now around 40,000 registered
5 state level lobbyists. That's five lobbyists for
6 every legislator in our state capitals. Their
7 number differs depending on the state. New York is
8 at or near the top with 20 lobbyists per legislator.
9 Pennsylvania, happily, is more modest, I think it's
10 down to two per legislator. Maybe that makes you
11 feel better; it doesn't do a whole lot for me.

12 But here's the kicker. According to the
13 center for public integrity, lobbying at the state
14 house level was a \$1.2 billion business in 2005.
15 Big business. So, what does all that mean for your
16 state and your community?

17 So, in preparation for today's hearing,
18 I looked over at some of the statistics about state
19 house reporting and I really couldn't believe how
20 bad the news was. I learned, for example, that
21 there are only about 500 reporters these days
22 covering state houses across the entire country.
23 And that's a number that has been steadily declining
24 for decades. That works out to about ten per state,
25 for all forms of media, with only a handful

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1 sometimes as few as two in our smaller states.

2 Contrast that with what we even at the
3 FCC have back in Washington. I'd say there are
4 roughly 30 reporters who cover our little agency day
5 in and day out for a variety of general interest
6 publications and trade journals. Now, I wish the
7 mainstream press paid even more attention to what
8 the FCC does, like the issues of media consolidation
9 we're here to talk about today.

10 But overall, I think it's correct to say
11 that most reporters try to provide the American
12 public with a pretty fair idea of what's going on
13 with the Federal Communications Regulation. And I
14 can certainly tell you that media scrutiny is good
15 for us and is a critical check to make sure that we
16 are serving the public interest, but not the special
17 interest.

18 But what happens when entire state
19 houses, state capitals, don't have anything close to
20 even the level of coverage we have at the FCC? Yes,
21 sure, a few times a year when the state legislature
22 passes a really big bill, there will be a story in
23 most local newspapers and on most local newscasts,
24 but there's a huge difference between that
25 occasional story by a generalist reporter and a

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1 sustained attention by a beat reporter who is
2 conversant with the issues, who knows the players,
3 who understands the institution's makeup and
4 procedures and history and who has a roster of
5 contacts where he can get the facts from. A good,
6 experienced beat reporter sees the forest and not
7 just the trees and he can help readers understand
8 how arcane policy debates affect their daily lives.

9 So, that's what we need more of,
10 reporters who have a sixth sense when something
11 doesn't feel quite right when something is amiss.
12 And those are the guys and gals who write the
13 groundbreaking investigative pieces about wrongdoing
14 in the state lottery office, or the trucking
15 commission or what have you and who expose the links
16 between the revolving doors between government and
17 industry and who can take on these huge tasks of
18 reporting to the people. It can take years to
19 develop that kind of ability. It's not just a
20 matter of innate intelligence or hard work or
21 getting a journalism degree. It's about spending
22 month after month after month on the beat.

23 Now, compare that idea with what one
24 dejected political reporter told the American
25 Journalism Review about his beat. He said, "There

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1 are some state offices like the Department of
2 Insurance that haven't seen a reporter in years."
3 It was Justice Brandeis who once remarked that
4 sunshine is the best disinfectant and electric light
5 is the best policeman. You know, it makes you
6 wonder what's growing in some of the government
7 offices that haven't been getting very much of
8 either.

9 And lest we forget, the huge
10 corporations with that big lobbying contingent, they
11 do know what's going on at the Department of
12 Insurance and other branches of government. So the
13 question is, aren't you entitled to the same? And
14 that's what a vigorous press is all about,
15 transparency, accountability, empowerment.

16 So thinking about issues like these
17 brings home just what's at stake when we talk about
18 the affects of media consolidation across ownership.
19 Because a merger between two newsrooms usually means
20 one less state house reporter. It also typically
21 means one less environmental reporter, one less
22 education reporter, and so on. Five or six mergers
23 over a decade can mean going from hardy, vigorous
24 competition among state house press correspondents
25 down to none.

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1 We had a hearing in Phoenix a few years
2 ago and I remember the former mayor came out. And
3 he said, you know, when I was mayor of the city and
4 before the media was consolidated in Phoenix, we'd
5 be in there having our city council meeting, I'd
6 open the door for a restroom break and five
7 reporters would fall through the door because they
8 were all there trying to listen, see what was going
9 on. Now, after consolidation took over in our city,
10 I open the door and nobody's there. And that's
11 true. I've seen that place after place. And we're
12 paying a price for that. And what I'd like to know
13 is if you folks think you're paying any kind of a
14 price for that here, or if things are well?

15 We've got a lot of damage to repair.
16 You know, three years ago when FCC then Chairman,
17 Michael Powell rammed his ill-advised new rules
18 allowing fewer media players to own more and more
19 outlets through the commission, three million people
20 contacted the FCC and said we don't like that. And
21 Congress registered its objections and then the
22 Third Circuit Court over in Philadelphia sent those
23 rules back to us.

24 And what I want to do is make sure,
25 first of all, that we don't have a repeat of the

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1 Powell near catastrophe. But I don't think we
2 should stop there. I think we don't have to just
3 play defense on this issue of media consolidation.
4 I think we can go on the offense and start talking
5 more about more than just avoiding bad new rules.
6 Let's go back and fix some of the bad old rules that
7 got us into this mess in the first place.

8 And then, let's go on from there to
9 restore some meaningful public interest
10 responsibilities on our broadcast media. And I'm
11 talking about things like an honest to God licensing
12 system that doesn't just grant licenses slam dunk to
13 anybody that comes through the door, but stops to
14 judge if a license holder is really serving the
15 public interest. And let's be explicit and explain
16 to them what we're looking for.

17 Another thing we could do is make sure
18 that all this new digital multi-cast capability that
19 we're talking about, make sure that what we're
20 giving the broadcaster the right to do, return
21 something positive for listeners. Here's a
22 wonderful opportunity, if they can broadcast five or
23 six streams into a community, to do more community
24 news, more local arts coverage, more political
25 races, and all that.

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1 So we've got our work cut out from it.
2 Let me stop there. But I just want to say, I'm more
3 optimistic about this than I have been in a long,
4 long time. I think we have a new environment. I
5 think people in the country are alive to this issue,
6 aware of this issue, and understand that something
7 needs to be done about it. I can see that right
8 here in Harrisburg with this many people turning out
9 this early in the morning.

10 We thank you for coming. We're
11 interested in listening to your experiences, and I
12 hope you will really continue to stay involved in
13 this issue, because it's tremendously important to
14 the future of all of us. Thank you.

15 COMMISSIONER ADELSTEIN: Good morning
16 everybody. I'm Commissioner Adelstein and I'd like
17 to thank you all so much for coming out this
18 morning. I know you have a lot going on. And we
19 could have given you a little more notice to get
20 here, but I'm so glad that you all made it out.

21 And I'd like to thank Chairman Martin
22 for bringing us here to Harrisburg for this
23 opportunity to hear from you. I think that it's
24 very important that we get outside of Washington and
25 do this. I very much appreciate his comments this

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1 morning about thinking about ways of using the
2 digital spectrum to give diverse voices access to
3 the airwaves. I think that's kind of creative
4 thinking that we need. And as Commissioner Copps
5 said, I think it gives me optimism that we're really
6 looking at positive ways to move forward here.

7 I think that it's so important for us to
8 remember that the public airwaves belong to you, the
9 people that came out here, the American people, and
10 not the media companies that we license to use the
11 airwaves in order to make a profit. Now, we want
12 them to do well. We want them to have good
13 advertising revenue, etcetera, but the ultimate
14 goal, according to the law that we are charged with,
15 is ensuring that they operate in the public
16 interest.

17 So, deciding who owns the media is
18 fundamentally about our culture, about our democracy
19 and about our way of life. It's about what you
20 read, what you hear, what you watch. And I think
21 your presence here today demonstrates that you're
22 very concerned about the decisions that we'll make.
23 And appropriately so because these are decisions
24 that will affect your lives.

25 Now, the law that governs our actions is

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1 very simple. It tells us to promote the public
2 interest. Now, the best way to do that is to hear
3 directly from you, rather than thinking somehow we,
4 inside the Beltway, know what's best for you and
5 your family, better than you do for yourselves. So,
6 I'm pleased that all of my colleagues are here to
7 listen to what you have to say and make sure that we
8 hear you out before acting to modify the rules.

9 And as I understand it, Harrisburg is a
10 capital city that has experienced a real renaissance
11 in its infrastructure, its economic growth, its
12 community life. And as I understand it, the city is
13 full of all kinds of vitality in the surrounding
14 towns and the East Shore and the West Shore are full
15 of all kinds of vitality and interesting
16 developments. Unfortunately though, like a lot of
17 American cities, Harrisburg's broadcast media
18 outlets don't reflect the communities that they are
19 licensed to serve. Instead, the media ownership is
20 dominated by a handful of national companies. So
21 that doesn't mean they can't do a good job of
22 serving you, I think they can. But I want to hear
23 about what that means to all of you.

24 The question before us today is, what
25 impact consolidation of ownership has had on the

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1 media coverage of this in surrounding communities.
2 I think Commission Copps was very eloquent in his
3 discussion about the importance of state government.
4 And it's a matter of great personal importance to me
5 as well because my own father served in our state
6 legislature in my home state of South Dakota for
7 some years and he learned how important it is, the
8 kind of coverage he got in the little city of
9 Pierre, a capital city with a beautiful dome just
10 like you have here. When I drove in last night, to
11 see that Capitol, it was just a gorgeous site. But
12 it's more than just beautiful, it's representative
13 of our democracy and the importance of holding
14 elected officials accountable. And if the media
15 doesn't do it, there's no way for the public to stay
16 informed.

17 So what I've learned is that here in
18 Pennsylvania, like most states across the country in
19 the capitals, the quality of coverage of state
20 legislative affairs appears to be diminishing.
21 Fewer media outlets cover the daily activities of
22 the state house and fewer investigative reporters
23 are available to develop, research, and write
24 stories that are necessary to inform the electorate
25 of this state. I really want to hear your

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1 perspective on this, whether you see this as a
2 problem, what you see in terms of the kind of
3 coverage that's happened of the state government.
4 That's the lifeblood of the city and it's the
5 lifeblood of the democracy of this state. And if
6 these things aren't covered, it's all of the people
7 that suffer.

8 And while there's considerable debate
9 about what level of media consolidation is in the
10 public interest, I think it's beyond a doubt that
11 the media has a direct impact on the health of our
12 democracy. Nationally, when you look at today's
13 broadcast media landscape, if it bleeds, it leads
14 approach to news reporting. I hear that in city
15 after city that I go to across the country. And
16 while this may help ratings, it's the lifeblood of
17 our democracy that bleeds when in-depth coverage of
18 national and local elections disappear, when real
19 investigative journalism is replaced with video news
20 releases, and when the positive aspects of our
21 communities aren't covered.

22 For example, one national study found
23 that only one-half of one percent of local TV
24 programming is public affairs, local public affairs,
25 versus over 14 percent for infomercials. So, we've

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1 got to be careful. We've got to learn from our
2 mistakes. We made mistakes in 2003 when the FCC
3 attempted to implement the most destructive rollback
4 of our media ownership protections in the history of
5 American broadcasting. Over the objections of
6 Commissioner Copps and me, the Commission issued
7 regulations that would allow one media company to
8 own up to three TV stations, eight radio stations,
9 and the only daily newspaper in a single community.

10 And since that time in 2003, thanks to a
11 lot of you here today, people rose up. Three
12 million people, as we heard, nationwide, from every
13 political stripe, left to right, and everyone in
14 between, expressed their opposition to the rules.
15 It wasn't a republican issue or a democratic issue,
16 it was bipartisan, it was overwhelming. And it was
17 right here in Pennsylvania in 2004 that the U.S.
18 Circuit Court of Appeals for the Third Circuit,
19 thanks to your own Prometheus Radio Project, sent
20 the rules back to the Commission.

21 Another Pennsylvania Court chastised the
22 FCC for failing to consider how these rules would
23 affect minority ownership, how they would affect
24 localism, in that they weren't drafted properly.
25 So, now is a chance for us to start from scratch

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